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ASCS Commodity Fact Sheet

RICE

Summary of 1992 Support Program and Related Information

United States
Department of
Agriculture
Agricultural
Stabilization and
Conservation
Service

November 1992

LEGISLATIVE AUTHORITY

The Agricultural Act of 1949, as amended.

ACREAGE REDUCTION PROGRAM (ARP)

A zero percent acreage reduction program has been announced for the 1992 crop. To be eligible for income and price support payments, farmers must limit 1992 rice plantings to no more than 100 percent of the farm's rice base. No paid land diversion program was offered for the 1992-crop rice.

ACREAGE CONSERVATION RESERVE (ACR)

There is no requirement to devote rice base acreage to the Acreage Conservation Reserve (ACR), as in recent years. The ACR requirement is calculated as the farm's rice acreage base times the ARP reduction requirement which, for 1992 rice, is zero percent.

MAXIMUM PAYMENT ACREAGE

The maximum acreage for deficiency payments for 1992-crop rice will be 85 percent of the established crop acreage base. The 15 percent nonpayment acreage is known as "normal flex acres," described below.

PLANTING FLEXIBILITY

Producers may plant certain other crops on up to 25 percent of any participating rice crop acreage base. This acreage is known as "flex" acreage, and the plantings can be credited as "considered planted" to rice.

NORMAL AND OPTIONAL FLEX

The first 15 percent of the flex acreage will be known as "normal flex acreage" (NFA) and the other 10 percent will be known as "optional flex acreage" (OFA).

Normal Flex Acres are not eligible for deficiency payments, whether or not they are planted to rice, or "flexed" to another crop. Nevertheless, program crops or oilseeds planted on NFA are eligible for price support loans.

If **Optional Flex Acres** are planted to rice, they are eligible for deficiency payments. If they are "flexed" to another crop, they are not eligible for deficiency payments. However, other program crops or oilseeds planted on OFA are eligible for price support loans.

FLEX CROPS

All crops may be harvested on flex acreage except:

- fruits and vegetables (not including adzuki, faba and lupin beans), and
- peanuts, tobacco, wild rice, trees and nuts.

TARGET PRICE

The 1992 established "target" price is \$10.71 per cwt.

DEFICIENCY PAYMENTS

If the market price received by farmers during the first five months of the marketing year (August through December) is at or above the target price, no deficiency payments will be made. If the average price is below the target price, eligible producers will receive payments at a rate equal to the difference between the target price and the higher of the loan level or the average market price.

ADVANCE DEFICIENCY PAYMENTS

Advance deficiency payments based on 40 percent of the projected deficiency payment rate of \$3.51 per cwt. (\$1.404) are available to producers enrolled in the 1992 program. The advance was paid in cash at signup and was limited to the producer's intended program acreage. An additional 10 percent of the projected total payments was made available in September 1992.

Final deficiency payments will be made starting in February 1993. Any advances received will be deducted from the total payment due. Producers who accept advance payments, but who later do not comply with program provisions, must immediately refund the advance with interest.

50/92 PROVISION AND PAYMENT ACREAGE

Deficiency payments are available on the lower of the acreage actually planted to rice or the maximum payment acreage (MPA). However, growers who plant less than their MPA may receive deficiency payments on a portion of their underplanted acreage.

If growers plant between 50 and 92 percent of their MPA to rice and devote the remaining acres of their MPA to a conserving use (CU), they will be eligible to receive deficiency payments on 92 percent of the MPA.

APPROVED NON-PROGRAM CROPS

Dry peas and lentils may be planted on up to 20 percent of the crop acreage base and receive considered planted credit. No deficiency payments will be paid on acreage devoted to these crops.

HAYING/GRAZING

Grazing of CU acreage (including the required 8 percent) of the 50/92 provision will be permitted except during 5 consecutive months between April 1 and October 31 as designated by the State Agricultural Stabilization and Conservation Committee.

On normal and optional flex acres, haying and grazing is permitted year round. Haying and grazing of Conservation Reserve Program acreage is prohibited.

LOAN RATE

The 1992 loan and purchase rate is \$6.50 per cwt. Loan rates for individual lots of rice are based on the class, milling yield, and quality of the rice. The whole kernel loan rates per pound are 10.74 cents for long grain and 9.74 cents for medium and short grain. The broken kernel rate is 5.37 cents. National average farm stored loan rates are \$6.66 per cwt. for long grain rice, \$6.13 per cwt. for medium grain rice, and \$6.13 per cwt. for short grain rice. Individual farm stored loan rates are established by State for each class of rice. Loans are available from harvest time through May 31, 1993. Loans mature on demand but not later than the last day of the ninth calendar month following the month in which the loan application was made.

Producers who pledge 1992 crop rice as collateral for a price support loan will not be permitted to purchase marketing certificates when repaying loans at a reduced rate.

LOAN REPAYMENT RATE

Loans made under the 1992-crop program may be repaid any time during the term of the loan. For 1992, the loan repayment rate is equal to the lesser of the loan rate or the higher of 1) 70 percent of the loan rate, or 2) the world price for the rice in effect for the week in which the loan redemption occurs.

LOAN GAIN PAYMENTS

Eligible rice producers who forgo receiving price support loans may receive a cash payment equal to the gain which might be realized by repaying a price support loan. The gain is the difference between the loan rate and the prevailing world market price.

Under this option, producers may elect to apply for a loan deficiency payment during the loan availability period on a quantity of rice not to exceed their loan-eligible production.

WORLD PRICE

The Secretary of Agriculture announces the world price of rice based on a published formula. The world price is based on prices at which foreign-origin rice is being sold in world markets. Such prices are adjusted to U.S. quality and location and are calculated to a loan rate basis, that is, separately for long, medium, and short whole milled kernels and for broken milled kernels. For the 1992 crop, any gain from repaying a rice loan at a reduced rate and any loan deficiency payment rates will be calculated based on national average milling yields. The milling yield of an individual's rice will not be used to calculate individual payment rates or loan gains.

**MARKETING
CERTIFICATES**

Generic commodity certificates will be made available to producers and eligible cooperatives selling rice or repaying price support loans if such transactions occur when the prevailing world price for the rice is below the minimum loan repayment rate. The certificates' value will equal the difference between the minimum loan repayment rate for the eligible rice and the world market price multiplied by the quantity of eligible rice sold or redeemed. Application for certificates must generally be made within 30 days from the date the loan was repaid or, for rice not pledged as loan collateral, from the day the rice was sold.

**CROP
ACREAGE BASES**

The 1992 acreage base for a farm is the average of the acres planted and considered planted (P and CP) during the previous three years (1989-1991). However, if a producer did not participate in the 1990 and 1991 ARPs, the crop acreage base for the 1992 crop is the average P and CP for 1987-1991 (excluding all crop years in which P and CP was not established for the farm) but may not exceed the average P and CP for the 1990-1991 crop years. On farms that have been following a definite rotation program, the acreage base reflects rotations.

**NON-
PARTICIPATING
CERTIFICATION**

Producers who choose not to participate in any annual program for program crops have a "zero certification" option that allows them to have their entire program crop acreage base considered as planted for base retention purposes. To qualify, they must certify that no acreage on the farm was planted to the program crop and that any fruit or vegetable planted on the farm was not in excess of normal plantings.

CROSS COMPLIANCE

Limited cross compliance is not in effect for the 1992 crops of wheat, corn, sorghum, barley, upland cotton, and rice.

**OFFSETTING
COMPLIANCE**

Offsetting compliance requirements will not apply. Program payment or loan eligibility for a commodity on a farm will not be affected by actions taken with respect to that commodity on another farm.

**FARM PROGRAM
PAYMENT YIELD**

The 1992 farm program payment yield is the payment yield for the 1990 crop year. However, any producer whose 1992 program yield is reduced below 90 percent of the 1985 program yield will receive deficiency payments sufficient to guarantee a return equal to 90 percent of the 1985 program yield. Proven yields are not authorized for the 1992 crops.

PAYMENT LIMITATION

The basic limitation for deficiency and diversion payments is \$50,000 per person. Other payments for benefits such as that portion of deficiency payment attributable to a reduction in the statutory loan rate ("Findley" payment), loan deficiency payments and gains from marketing loans (except honey) are limited to an additional \$75,000 per person. The total payment limitation is \$250,000 per person.

May 1, 1992, is the date for determining the status of individuals or entities in applying the 1992 maximum payment limitation requirement.

DIVISION OF PAYMENTS

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

BINDING CONTRACTS

Contracts signed by program participants are binding and provide for liquidated damages for failure to comply with program requirements.

DISASTER PAYMENTS

Disaster payments may be made only to producers for whom Federal crop insurance is not available. However, at the Secretary's discretion, disaster payments could be made if losses create an economic emergency too serious to be relieved by crop insurance or other Federal aid.

WETLAND CONSERVATION PROVISIONS

Any person who plants an agricultural commodity on wetland converted after December 23, 1985, will be ineligible for U.S. Department of Agriculture (USDA) program benefits for that year. Any person who converts a wetland after November 28, 1990, will be ineligible for USDA benefits for that year and subsequent years until the wetland is restored.

HIGHLY ERODIBLE LAND CONSERVATION PROVISIONS

By the later of January 1, 1990, or 2 years after the Soil Conservation Service (SCS) completes soil survey mapping for an area, to be eligible for USDA benefits, all producers must have an approved conservation plan before planting an agricultural commodity on highly erodible land. Producers with approved conservation plans must be actively applying the conservation system contained in the plan.

Beginning January 1, 1995, all conservation systems must be fully applied on highly erodible land for a producer to earn program benefits. Those producers who have not fully applied their conservation system as of January 1, 1995, will remain ineligible for USDA program participation until SCS certifies that the conservation system is fully applied.

Summary of Rice Production, Supply, Use, Price and Income Measures - 1982-1992

	Unit	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
PROGRAM PROVISIONS												
ARP/CLD	Percent	15	15/5/30	25	20/15	35	35	25	25	20	5	0
Allocated/Base	1000 Acres	3969	3946	4160	4234	4249	4183	4155	4168	4154	4155	4148
Participation Rate	Percent	78	99	85	90	94	96	94	94	94	95	93
Comply Base/Pay Acres	1000 Acres	3093/2379	3857/1893	3517/2402	3814/2214	3978/2501	3998/2520	3918/2858	3906/2816	3890/2992	3947/3055	3858/3162
Idled: ACR	" "	422	547	785	682	1305	1320	950	939	735	196	0
Idled: 50/92	" "	na	na	na	na	174	238	138	245	287	654	399
Idled: Flex	" "	na	na	na	na	na	na	na	na	na	280	370
Diverted/PIK	" "	..	192/1000	..	..	559	..	..	..	..	..	..
ACREAGE/YIELD												
Planted Acres	" "	3295	2190	2830	2512	2381	2356	2933	2731	2897	2857	2995
Harvested Acres	" "	3262	2169	2802	2492	2360	2333	2900	2687	2823	2750	2970
Harvested Yield	" "	4710	4598	4954	5414	5651	5555	5514	5749	5529	5617	5666
Program Yield	Pounds/AC.	4825	4889	5000	5036	4713	4680	4859	4864	4849	4849	4857
SUPPLY/USE												
Beginning Stocks	Mil. cwt.	49.0	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	24.6	27.3
Production	" "	153.6	99.7	138.8	134.9	133.4	129.6	159.9	154.5	156.1	154.5	168.2
Imports	" "	.7	.9	1.6	2.2	2.6	3.0	3.8	4.4	4.8	5.3	5.7
Total Supply	" "	203.3	172.1	187.3	201.8	213.3	184.0	195.1	185.6	187.2	184.3	201.1
UTILIZATION												
Food	" "	37.3	33.2	35.8	45.6	51.3	54.9	57.4	60.1	63.8	65.7	68.0
Seed	" "	3.2	3.3	2.8	2.6	2.6	3.6	3.3	3.6	3.6	3.8	3.8
Brewers	" "	13.5	12.8	13.9	14.1	14.8	15.4	15.6	15.4	15.3	15.2	15.2
Total Domestic	" "	54.0	49.3	52.5	62.3	68.7	73.9	76.4	79.1	82.7	84.7	87.0
PL-480	" "	17	13.5	13.1	13.8	19.7	16.8	17.5	12.1	15.0	14.0	14.0
Commercial	" "	52.2	56.8	49.0	44.9	64.5	55.4	68.4	65.1	55.9	52.4	60.0
Total Exports	" "	68.9	70.3	62.1	58.7	72.2	85.9	77.2	70.9	66.4	74.0	74.0
Residual	" "	8.9	5.6	8.0	3.5	9.0	6.0	3.0	9.0	6.0	7.0	7.0
Total Disappearance	" "	131.8	125.2	122.6	124.5	161.9	152.6	168.3	159.3	162.6	157.1	168.0
ENDING STOCKS												
CCC Inventory	" "	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	24.6	27.3	33.1
Free	" "	22.3	25.0	44.3	43.6	9.1	0.0	0.0	0.0	0.4	0.0	0.0
All Stocks/Annual Use	Percent	49.2	21.9	20.4	33.7	42.3	31.4	26.7	26.3	24.6	26.9	33.1
PRICES												
Target Price	\$/cwt.	10.85	11.40	11.90	11.90	11.66	11.15	10.80	10.71	10.71	10.71	10.71
Loan Rate	" "	8.14	8.14	8.00	8.00	7.20	6.84	6.63	6.50	6.50	6.50	6.50
Season/Farm Price	" "	7.91	8.57	8.04	6.53	3.75	7.27	6.83	7.35	6.70	7.53	6.35
5-month Price	" "	7.69	8.63	8.14	7.73	5.71	6.84	7.24	6.25	7.64	6.35	6.35
Deficiency/CLD Rate	" "	2.71	2.77/2.70	3.76	3.90/3.50	4.70	4.82	4.31	3.56	4.16	3.07	4.21
World Price	" "	..	..	..	..	3.94	5.79	6.21	5.73	5.08	5.80	5.50
INCOME FACTORS												
Production Mkt. Value	Mil. \$	1246	876	1119	881	500	942	1092	1134	1047	1166	1068
Deficiency Payments	" "	267	233	380	375	495	545	555	457	554	458	614
Mkt. Loan/Certif.	" "	--	--	--	287	388	200	63	170	134	130	160
Diversion/PIK	" "	--	23	--	93	--	--	--	--	--	--	--
Disaster Payments	" "	--	--	--	--	--	--	--	--	--	--	--
Total Income	" "	1513	1132	1499	1636	1383	1687	1710	1761	1736	1754	1842
MILLING RATE	Percent	71.0	69.6	70.8	71.2	71.1	69.9	71.5	72.6	72.0	70.5	70.0